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ABSTRACT

Knowledge supply chains are market-driven, competency-based systems in which education and training are aligned to help employers, educators, workers, and students navigate more effectively in the global economy. Three key trends warrant attention in today's global economy: (1) knowledge and skill needs are escalating and changing rapidly; (2) increasingly, knowledge "consumers" (mostly employers) and knowledge "suppliers" (mostly educators and trainers) are working together to improve coordination of the organizations that develop talented professionals; and (3) by managing the knowledge supply chain, employers, educators, and trainers are aligning education and training into a market-driven competency-based system. In the emerging knowledge supply chain system, education and training are increasingly pegged to high standards. The nation's current workforce development system is driven largely by government funding, social goals, institutional roles, political preferences, and isolated programs such as school-to-careers, welfare-to-work, and vocational education. The 1998 Workforce Investment Act provides a window of opportunity to reshape this disjointed system into a market-driven, competency-based engine of talent development. Public-private partnerships must be increased, and the workforce development system must be reoriented from "pushing" people from schools into the labor market to "pulling" people with both general knowledge and the right skills from schools attuned to business needs. (MN)

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NATIONAL ALLIANCE OF BUSINESS

Work•America

THE BUSINESS VOICE ON WORKFORCE DEVELOPMENT

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Demand for Skills Spurs Market to Manage Workforce Pipeline

Knowledge supply chains are market-driven, competency-based systems in which education and training are aligned to help employers, educators, workers and students navigate more effectively in the global economy.

In today's global economy, competitive and technological pressures are spurring employers, educators and trainers to rewrite the rules of workforce development. Three key trends warrant attention:

- Knowledge and skill needs are escalating and changing rapidly — so rapidly, in fact, that demand for educated and skilled workers exceeds supply.
- Knowledge "consumers" — mostly employers — and knowledge "suppliers" — mostly educators and trainers — increasingly are working together to more effectively coordinate the organizations that

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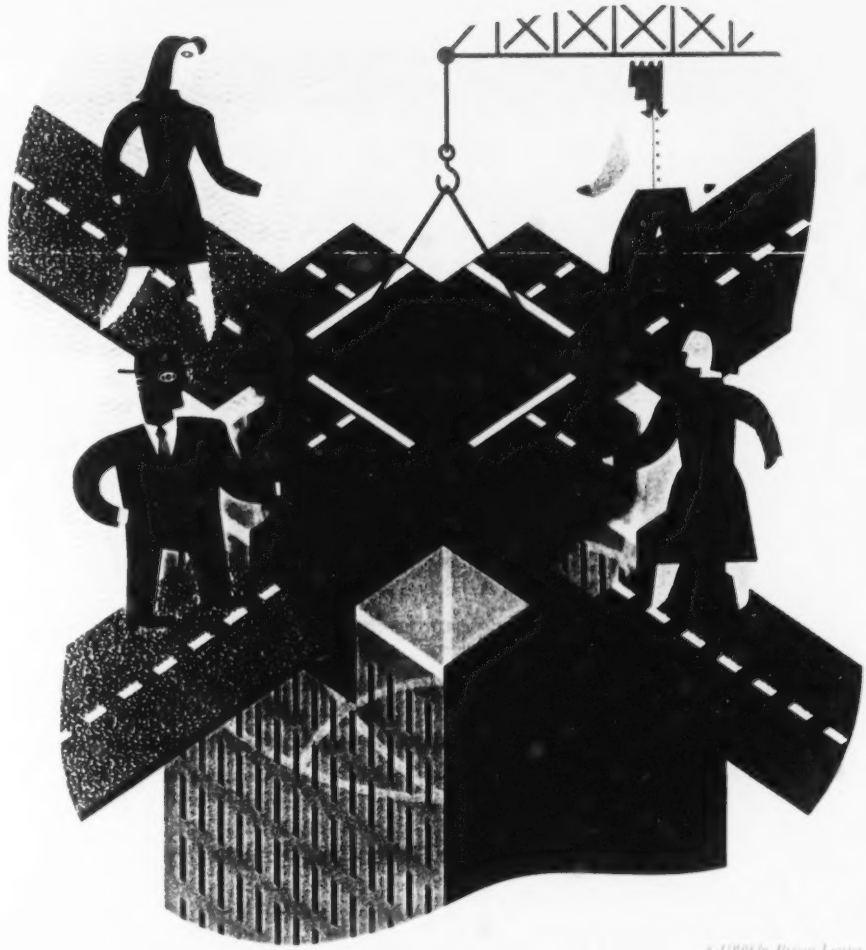

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Workforce Pipeline

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develop talented professionals. This knowledge supply chain, which is comparable to the materials supply chain, includes K–12 schools, postsecondary institutions, and traditional and alternative providers of education and training.

- By managing the knowledge supply chain, employers, educators and trainers are aligning education and training into a market-driven, competency-based system.

"The knowledge supply chain concept aligns and galvanizes all the various components of workforce development," says Mike Barker, assistant vice president, workforce development for GTE.

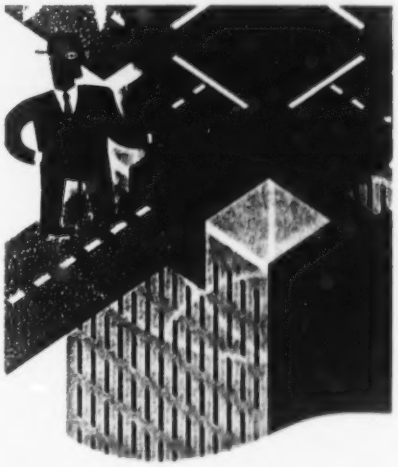
Cynthia Fisher, vice president, contributions-corporate affairs for Bank of America, elaborates on the value of the knowledge supply chain: "This is close to the marrow of the growth and prosperity of business. It is a more systemic, long-term solution to tumultuous changes in workforce needs."

Clarifying and Amplifying Market Needs

Employers aim to make market needs more visible to educators and trainers, putting more people on the inside track to success.

Increasingly, the business community is working actively with educators and trainers to articulate changing market needs and skill standards — and to demonstrate flexible, rapid-response solutions to preparing people for tomorrow's business environment.

This communication takes many forms, from supporting higher academic standards and contextual learning to asking recent graduates for school transcripts. This employer involvement signals that the business



"This is close to the marrow of the growth and prosperity of business. It is a more systemic, long-term solution to tumultuous changes in workforce needs."

— Cynthia Fisher, vice president, contributions-corporate affairs, Bank of America

community views academic and real-world learning as critical factors in students' future success.

Education and training organizations, too, are finding new ways to meet and even anticipate market demands. Community colleges, for example, are tailoring programs to meet specific workforce needs of particular industries or regions. In the Dallas-Fort Worth area, for example, a group of community colleges is working with a consortium of businesses to prepare workers for technical careers.

In Edina, Minn., Premier Computer Education, Inc., offers more than 350 different technical courses and 25 certification choices, which meet a business need in the Minneapolis-St. Paul area. Employers such as Unisys increasingly are seeking workers with certified qualifications in specific computer skills and programs, enabling them to produce in a booming economy, according to Anne Krenke, job placement director.

Many organizations are using the Internet as a tool to offer just-in-time or distance learning. (See the July 1999 issue of *WorkAmerica* for more on distance learning.)

Competency-Based Curricula, Recognized Credentials

In the emerging knowledge supply chain system, education and training are increasingly pegged to high standards. The standards movement of the 1990s is successfully spelling out the knowledge and skills, or competencies, that students and adults are expected to know. Virtually every state and many industries are using standards to improve performance among millions of students and workers across the country.

Isolated acts of teaching and learning are giving way to a purposeful, aligned system that serves everyone better. With standards, teachers and trainers know the knowledge and skills that are essential for success, grade by grade or level by level. Students and adults know what is expected of them — and they are tested on these expectations.

Moreover, there are incentives for achievement and consequences for failing to perform in the knowledge supply chain. A standards-based diploma, certificate or degree rewards proficiency. These competency-based credentials are far more valuable in the marketplace than traditional sheepskins, which merely attest to the Carnegie units or credit hours of time spent in a classroom.

The knowledge supply chain emphasizes once again that learning matters. Classroom and contextual learning are related directly to

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meaningful credentials that lead to advancement.

Funding Driven by Market Forces

The nation's current workforce development system is driven largely by government funding, social goals, institutional roles, political preference, and isolated programs such as school-to-careers, welfare-to-work, dislocated worker training and vocational education.

The 1998 Workforce Investment Act provides one window of opportunity to reshape this disjointed system into a market-driven, competency-based engine of talent development.

Now, funding will be based on market needs and performance. Career centers, institutions and programs that meet the changing needs of employers and workers will be rewarded. In some cases, funding will follow individuals, who will make their choices about providers based on readily available information about education and training success rates.

With knowledge supply chains, businesses would "pull" out people with both general knowledge and the right skills from schools and programs attuned to business needs. The end result would be people and companies primed to perform in a competitive global marketplace.

Growing Public-Private Partnerships

Employers increasingly are recognizing that there is an urgent need to improve the workforce pipeline.

For EMC Corporation in Milford, Mass., that awareness came when the company faced a hiring crunch. EMC, a manufacturer of electronic storage devices, needed to hire 70 workers "tomorrow." Company officers began to think more strategically the moment they realized, "But we'll always need to hire 70 workers tomorrow."

EMC now works closely with local community colleges, which deliver an associate's degree program in electrical engineering that is customized to EMC's needs. Job-ready graduates of the accelerated, nine-month program contribute immediately in the workplace. The company benefits from reduced hiring, training and turnover costs; a shorter "ramp-up" time before new workers are fully productive; and more productivity for veteran workers, who spend less time training new hires.

GTE, meanwhile, has launched an online degree program in partnership with Bell Atlantic, USWest, SBC, the Communications Workers of America and the International Brotherhood of Electrical Workers. This summer, the partnership is offering its associate's degree program through Pace University, which is using a curriculum customized for the telecommunications industry.

From a "Push" to a "Pull"

The knowledge supply chain concept upends the workforce development system. Now, K–12 and postsecondary schools and training programs "push" people into the labor market. Businesses take what they can get. With knowledge supply chains, businesses would "pull" out people with both general knowledge and the right skills from schools and programs attuned to business needs.

The end result would be people and companies primed to perform in a competitive global marketplace. •

Components of the Knowledge Supply Chain System

- **Methods to clarify and amplify continually changing employer needs**
- **Competency-based curricula**
- **Better definitions of competency (beyond an "A" grade or a degree)**
- **Better measurements of competency (beyond Carnegie units in high school or credit hours in college)**
- **Credentials, such as certificates, recognized by both business and academia**
- **Funding derived from market forces**
- **Accreditation based on continuous improvement and market responsiveness**
- **Growing partnerships among business, education and government**

For more information on the knowledge supply chain, see the May 1998 issue of WorkAmerica.

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Work•America

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The National Alliance of Business is a national business organization focused solely on increasing student achievement and improving the competitiveness of the workforce. The Alliance's members include CEOs and senior executives of Fortune 500 companies, educators, and business-led coalitions. Together, the Alliance and its members are leading efforts to strengthen the link between education and the workplace and promote training and lifelong learning.

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Who Should Attend

Education, training, human resource and community professionals in businesses, community colleges, chambers of commerce, school-to-work programs, workforce development agencies, one-stop career centers, business coalitions, economic development boards, and K–16 education and training providers

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